

Protecting Workers and Jobs in the Washington DC Labor Market

Harry J. Holzer

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Outline

- A Snapshot of the DC Labor Market: Jobs and Workers
- The Likely Tradeoff between Worker Supports/Protections: What Might It Look Like?
- Recent Changes in DC Labor Regulations and their Likely Impacts
- Alternative Approaches to Worker Protections

DC Labor Market: Highly Bifurcated!

Demand-Side: Employers and Jobs

- Industry: Government (30%), Professional (22%), Education/Health (17%), Leisure/Hospitality (10%), Retail (3%), Other Services (9%)
- Occupations: Professional and Managerial/Business (54%), Food Preparation and Service (8%), Building Cleaning/Personal Service (5%), Clerical (12%), Sales (4%)

DC Labor Market: Highly Bifurcated! (Cont'd)

Supply-Side: Workers and Skills

- African-American/Latino Population: 56%
- Unemployment: 6% overall; 13% among African-Americans (plus those out of labor force)
- High School Dropouts or Low Achievers: Higher than survey data suggest (DCPS – Graduation rates barely above 50% until 2011; Test Scores point to low achievement)

Implications for Policy: A Likely Tradeoff between Worker Supports and Jobs

- Supports for low-wage workers and their families are important
- Preserving jobs for such workers is very important too
- What Does the Tradeoff Look Like – Where Should It Start to Constrain Choices? Empirical Question, Uncertain Answers
- Make Judgments Based on Limited Evidence and Economic Theory/Reasoning

DC Labor Regulations: Existing/Pending, Under Discussion

Existing/Pending:

- \$15 Minimum Wage (by 2020);
- Ban the Box;
- Ban on Marijuana Testing;
- Paid Sick Leave (3-7 Days)

Under Discussion:

- Paid Family Leave
- Scheduling Restriction

Other Jurisdictions: What are They Doing?

- Montgomery and Prince George's County – More Modest
- Arlington County – None
- Other Cities and States – Few Imposing this Range of Protections in This Type of Labor Market – LA, SF, NY, etc.

Tradeoff: Benefits to Workers v. Reduced Employment!

- Protections/Supports: Raise Costs of Hiring Unskilled Workers, Limit Employer Options
- Cumulative Effects!
- Possible Responses: 1) Employers reduce hiring of unskilled (protected) workers; 2) Employers reduce overall hiring; or 3) Employers move to other jurisdictions
- Short-run v. Long-run effects – esp. given the costs of new technologies, relocation, etc. (“Non-Linear” Effects)

Minimum Wage Effects on Employment

Research Literature: Mixed Effects

- Most Studies: 10% increase leads to 1-2% employment loss for youngest/least-skilled workers
- Small group of recent studies: no employment loss of modest increases
- CBO: \$10 minimum nationally would increase wages of 16-24 M workers but cause loss of .5M jobs – based on short-run effects
- U of WA study of \$11 minimum in Seattle: .01 loss of employment; also reduced hours plus relocations to other cities/states in short-run

No Evidence on \$15 – but economic theory predicts major employment losses – esp. in long-run! (New technologies, relocations)

Ban the Box and Ban the Marijuana Tests

- 2 recent studies (Doleac and Hansen, Agan and Starr): Ban the Box reduces hiring of less-educated males
- Consistent with Holzer et al. (2006) study on criminal background checks
- Why? “Statistical Discrimination” – Avoidance of entire risky populations if not allowed to screen them

Paid Family Leave

States: CA, NJ, RI plus NY pending

- Paid Parental, Family Leave plus Temporary Disability
- Duration: 4-6 weeks (NY: 8-12) of Parental, Family
- Replacement Rates: 55-70 percent
- Funded by roughly 1% payroll tax

Proposed DC Council Bill: Huge Outlier!

- 16 weeks of Parental, Family
- 100% replacement up to \$50,000, 50% on next \$100,000
- Funded by roughly 1% payroll tax – Underfunded!
- Also: Likely discrimination against young women (esp. DC residents working in MD or VA)

A Few Caveats

- 1) Recent Growth in DC – Will It Last?
- 2) Commuting – To MD (VA)
- 3) Captive Market?

Other Approaches?

1) Improve Education and Training for Good-Paying Jobs

- Career and Technical Education
- Work-Based Learning (e.g., Apprenticeship)
- Sector Partnerships and Career Pathways
- Career Guidance!

2) Expand Earned Income Tax Credits (for childless workers), Subsidized Employment (for Hard-to-Employ), Transportation and Child Care

Other Approaches (Cont'd)

3) Efforts for Ex-Offenders and Non-Custodial Parents

- Pre-Release Work Experience
- EEO
- Job Developers with Incentives
- Reform Bonding
- Certificates of Rehabilitation
- Lock Up Fewer People!
- Arrears Management

Conclusion

- Minimum wage, paid family leave and other supports: Benefits to workers but also potential costs – require moderation!
- Theory and evidence: cumulative effects of costly protections create risks of major job loss!
- Consider alternatives wherever possible